

COMMISSIONERS  
BOB STUMP - Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

OPEN MEETING AGENDA ITEM



0000149114

E-mail: Burns-web@azcc.gov

ARIZONA CORPORATION  
COMMISSION  
AZ CORP COMMISSION  
DOCKET CONTROL

ORIGINAL

October 25, 2013 2013 OCT 25 AM 10 42

RE: Tucson Electric Power 2014 REST Implementation Plan; Docket No. E-01933A-13-0224

**Dissent by Commissioner Brenda Burns**

In my support for solar generated energy as part of a balanced portfolio, my focus as a Commissioner has been to apply ratepayer funds in a way that puts as much renewable energy on the grid for the lowest cost possible. Tucson Electric Power (TEP) has been a leader in solar generation and has worked well with the Commission to meet its renewable energy goals in a cost effective manner. However, I must respectfully dissent from the Commission's decision approving TEP's 2014 Renewable Energy Standard and Tariff (REST) Implementation Plan. Although many of TEP's renewable energy programs in its 2014 Plan have merit, I cannot support the Plan due to its inclusion of the Fort Huachuca project.

The TEP 2014 REST Implementation Plan authorizes TEP to use investor supplied capital to construct a 20 MW solar generation facility to serve the Fort Huachuca military base. This project carries a \$40 million price tag. The Plan allows TEP to recover from ratepayers approximately \$10.5 million in carrying costs for the project through the REST surcharge for the next three years. At TEP's next rate case, traditional ratemaking practices will place the Fort Huachuca project into ratebase and TEP will be allowed the opportunity to earn a rate of return on the value of the Fort Huachuca project.

I cannot support the Fort Huachuca project being funded by TEP and ultimately its ratepayers for three reasons. First, the Fort Huachuca project is not needed to comply with TEP's obligation to meet its Commission-mandated renewable energy requirement. Not only is TEP currently meeting its 2014 renewable energy goals, it has enough renewable energy projects either on-line or planned to meet its overall renewable energy goal as well as its commercial distributed energy goal through 2017.<sup>1</sup> Second, TEP already has sufficient generation to provide safe and reliable electric service to its customers. An additional 20 MW power plant is not needed. Finally, TEP informed the Commission that the Department of Defense would build the facility regardless of TEP's participation. There would have been 20 MW of carbon-free solar generated electric capacity on the grid without having TEP ratepayers pay for it.

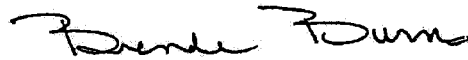
DOCKETED

OCT 25 2013

DOCKETED BY

<sup>1</sup> I am aware, however, that while TEP will have enough renewable energy to meet its overall renewable energy goal as well as its commercial distributed generation goal by 2017, TEP will need to bring on-line additional residential distributed generation projects beginning in 2015 to meet its residential distributed generation goal.

I do not find that TEP's REST Implementation Plan strikes the proper balance between setting just and reasonable rates for ratepayers and providing TEP the opportunity to comply with the Commission's Renewable Energy Standard.

A handwritten signature in black ink, appearing to read "Brenda Burns". The signature is fluid and cursive, with the first name "Brenda" and last name "Burns" clearly distinguishable.

Brenda Burns  
Commissioner